

# ***What Should You Know About Choosing A Beneficiary?***

## **Order of Beneficiary in the Policy**

*If you do not designate a beneficiary, or the named beneficiary predeceases the insured, Benefits are payable according to the order of beneficiary defined in the policy which is generally:*

1. Spouse
2. Children
3. Parents
4. Brothers/Sisters
5. Estate

## **IF YOU DESIGNATE A MINOR AS A BENEFICIARY, IT IS IMPORTANT TO KNOW THAT:**

- Insurance proceeds cannot be paid directly to the minor.
- Most states have laws allowing nominal amounts (generally \$10,000 or less) to be paid to the parent or other legal guardian of the child. However, in the absence of such laws or for larger amounts, the court will need to appoint a guardian of the estate of the minor to whom The Standard can make payment.
- The funds can also be held at interest until the minor reaches age 18.

## **IF YOU DESIGNATE SOMEONE OTHER THAN YOUR SPOUSE AS A BENEFICIARY, YOU SHOULD KNOW THAT:**

Even if you do not name your spouse as your beneficiary, community property laws may allow the spouse/domestic partner to claim 50% of the insurance proceeds as a community asset. The Standard does not attempt to determine entitlement in such situations. If the named beneficiary and spouse/domestic partner cannot agree upon a method of distribution, The Standard may need to request a judicial determination.

"Augmented probate estate" is a concept similar to community property. Many states have amended their Probate Codes to allow the surviving spouse/domestic partner to "augment" the value of the insured's estate by nonprobate assets (including life insurance). The spouse can then claim a portion of the life insurance even though he/she is not the beneficiary named by the insured.